

Message Text

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PAGE 01 MONTEV 04057 232013Z
ACTION NODS-00

INFO OCT-01 ISO-00 /001 W
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P 231756Z AUG 77
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC PRIORITY 4560

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FOR ASSISTANT SECRETARY TODMAN

E.O. 11652: N/A
TAGS: OVIP, ECIN, UY
SUBJ: TODMAN VISIT: LATIN AMERICAN FREE TRADE
ASSOCIATION MEETING

REF: A. MONTEVIDEO A-52, B. MONTEVIDEO 3144

FOR YOUR APPROVAL AND/OR CORRECTIONS.

1. SUMMARY. ASSISTANT SECRETARY TODMAN WAS GREETED CORDIALLY BY PRESIDENT AND MEMBERS OF PERMANENT EXECUTIVE COMMITTEE (PEC) IN MEETING WHICH BEGAN WITH QUESTIONS SEEKING CLARIFICATION OF U.S. POSITION TOWARD CONTINUING REGIONAL INTEGRATION PROCESS. RESPONSES WERE ACCEPTED IN GOOD SPIRIT, AND PEC PRESIDENT ENDED MEETING BY PROVIDING BROAD-BRUSH DESCRIPTION OF CURRENT LAFTA SITUATION--THAT OF AN ORGANIZATION SEARCHING FOR NEW FORMS FOR REGIONAL TRADE INTEGRATION. END SUMMARY.

2. TOMAN CALL ON LAFTA THE MORNING OF AUG. 19 AND WAS CORDIALLY GREETED BY THE CURRENT PRESIDENT OF THE PEC, AMBASSADOR CAROLS GARCIA MARTINEZ (ARGENTINA) AND ACTING EXECUTIVE SECRETARY OF LIMITED OFFICIAL USE

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LAFTA, DANIEL MESA BERNAL. TODMAN OPENED THE DISCUSSION WITH A BRIEF STATEMENT CITING US INTEREST IN THE LAFTA EXPERIMENT, RECOGNIZING ITS CONTRIBUTION TO RATIONAL DEVELOPMENT OF TRADE PATTERNS, AND YET RECOGNIZING THE DIFFICULTIES OF ACHIEVING FULL REGIONAL ECONOMIC INTEGRATION. PRESIDENT GARCIA RESPONDED BY POINTING TO THE CLASSIC REASON FOR DISAPPOINTMENT IN LAFTA'S REAL ACHIEVEMENTS,

I.E. THAT IT WAS A EUROPEAN MODEL INADEQUATELY ADAPTED TO LATIN AMERICAN REALITIES.

3. THE PRESIDENT ASKED FOR QUESTIONS FROM THE ASSEMBLED REPRESENTATIVES OF THE ELEVEN MEMBER STATES AND SEVERAL OBSERVERS. THE FIRST, FROM THE OBSERVER REPRESENTING HONDURAS, ASKED IF THE US WAS WILLING TO FOSTER REGIONAL DEVELOPMENT THROUGH REGIONAL TRADE PREFERENCES. TODMAN RESPONDED BY POINTING TO THE US OBJECTIVE OF AN INCREASING LIBERALIZATION OF GLOBAL TRADE, WHICH IS ONLY MADE MORE DIFFICULT BY THE LOME KIND OF ARRANGEMENT. THE US AND LATIN AMERICA, IN HIS VIEW, SHOULD BOTH BE SEEKING A GLOBAL OPENING OF MARKETS. THE SECOND QUESTION CAME FROM URUGUAY, WHICH ASKED BROADLY WHAT THE US IS CURRENTLY WILLING TO DO TO ASSIST THE REGIONAL INTEGRATION PROCESS GENERALLY. DRAWING UPON THE STRONG US POSITION TAKEN IN THE OAS, MR. TODMAN STATED THAT THE US COULD NOT BY ITSELF FORMULATE PROPOSALS FOR FORMS OF REGIONAL COOPERATION, PREFERRING THAT THE LATIN AMERICAN NATIONS ESTABLISH AGREED POSITIONS WHICH COULD THEN BE THE BASIS FOR REACHING AGREEMENT ON FORMS OF COOPERATION WITH THE US. WE ALSO SEEK THE OPPORTUNITY FOR FULL CONSULTATION VIA MEETINGS WHICH ARE NOT SESSIONS OF COMPETITIVE ANTAGONISM, BUT INSTRUMENTS FOR BUILDING A CONSTRUCTIVE RELATIONSHIP. THE REPRESENTATIVE OF BRAZIL CLOSED THE PERIOD OF OPEN DISCUSSION WITH A SOMEWHAT CONFUSED LIMITED OFFICIAL USE

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REFERENCE TO ALLEGED US PRESSURE TOWARDS FIXING 1980 AS A TARGET DATE FOR COMPLETION OF THE LAFTA INTEGRATION EFFORT. HE WAS APPARENTLY ASKING WHETHER THE ALLEGED PRESSURE HAD NOT BEEN MISGUIDED. TURNING AROUND THE BRAZILIAN AMBASSADOR'S FIGURATIVE DESCRIPTION OF THE US "BULL DOZER" INVOLVED, MR. TODMAN COMMENTED THAT SMALLER "BULLDOZERS" (READ BRAZIL AND OTHERS) NEED NOT BE, AND CURRENTLY ARE NOT, COWED BY UNITED STATES' POSITIONS ON REGIONAL ISSUES.

4. PRESIDENT GARCIA MARTINEZ THEN OFFERED A SHORT REVIEW OF LAFTA HISTORY AND ITS CURRENT ROLE. THE ELEMENTS WERE THE EXPECTED ONES--INITIAL SUCCESSES, FOLLOWED BY MORE VISIBLE DIFFERENCES IN POLITICAL AND ECONOMIC OBJECTIVES (MAKING CONCESSIONS MORE DIFFICULT), THEN FORMATION OF THE ANDEAN GROUP AND FINALLY THE CURRENT SITUATION IN WHICH LAFTA LACKS A MAJOR ROLE. THE PRESIDENT CHARACTERIZED THE ORGANIZATION AS IN A PERIOD OF TRANSITION IN WHICH A NEW FORMULA FOR COOPERATION WAS BEING SOUGHT, BUT WITHOUT EVIDENCING DOUBTS REGARDING A FUTURE ROLE FOR THE ORGANIZATION. IN THE SHORT PERIOD OF EXCHANGE WITH MR. TODMAN WHICH FOLLOWED, THE PEC PRESIDENT NOTED THAT THE LACK OF GEOGRAPHIC AND ECONOMIC HOMOGENEITY AMONG LAFTA MEMBERS ARGUED

STRONGLY FOR THE GATT TO BE UNDERSTANDING OF VARIOUS STEPS
TOWARDS INTEGRATION IN THE REGION WHICH ARE IN PROCESS TODAY.
HE ALSO JUDGED THAT THE INTEGRATION EFFORT, ACTUALLY AND POTEN-
TIALY, SHOULD INCREASE TOTAL DEMAND WITHIN THE REGION IN A
MANNER OPENING ENLARGED TRADE OPPORTUNITIES FOR THE UNITED
STATES. HE SAW AMPLE ROOM FOR THE STILL MORE SOPHISTICATED US
PRODUCTS, EVEN WHILE THE GENERAL LEVEL OF INDUSTRIALIZATION
ROSE WITHIN THE REGION.

5. COMMENTS: THE EMBASSY HAS HEARD FROM THREE IMPORTANT
SECRETARIAT OFFICIALS THAT THE IMPRESSION CREATED BY THE
ASSISTANT SECRETARY WAS VERY GOOD ONE, EXPRESSED
EVEN AS "THE BEST AMONG RECENT OFFICIAL VISITORS". TO A
CONSIDERABLE EXTENT, THE SIZE OF THE CROWD DRAWN INTO THE
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SMALL COMMITTEE CHAMBER SEEMED TO HAVE BEEN MORE A RE-
FLECTION OF THEIR INDIVIDUAL INTEREST IN THE VISITOR
THAN A CHANGE IN WHAT HAD BEEN AGREED UPON AS AN INFORMAL,
OPEN DIALOGUE WITH THE COMMITTEE AND EXECUTIVE SECRETACY.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, TRADE, MEETINGS, ECONOMIC TRENDS, CAT-A
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Aug-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONTEV04057
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: FOR ASSISTANCE SECRETARY TODMAN
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: P840084-2359
Format: TEL
From: MONTEVIDEO
Handling Restrictions:
Image Path:
ISecure: 2
Legacy Key: link1977/newtext/t19770834/aaaabbxk.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d8f76856-c288-dd11-92da-001cc4696bcc
Office: ACTION NODS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: NODIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: NODIS
Reference: 77 MONTEVIDEO A-52, 77 MONTEVIDEO 3144
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1517634
Secure: LOCK1
Status: NATIVE
Subject: TODMAN VISIT: LATIN AMERICAN FREE TRADE ASSOCIATION MEETING
TAGS: OVIP, ECIN, UY, US, (TODMAN, TERENCE A)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d8f76856-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009